



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: California Joint Powers Risk Management Authority Liability Claims Audit Report

MEETING DATE: November 6, 1991

PREPARED BY: City Clerk

RECOMMENDED ACTION: Report only.

BACKGROUND INFORMATION: Attached, marked Exhibit A, is a copy of the Liability Claims Audit Report completed by Nick Caili on behalf of the California Joint Powers Risk Management Authority which indicates that the City of Lodi continues to receive very effectively managed and administered liability claim administration from Insurance Consulting Associates, Inc. There were no negative patterns or trends found as a result of this audit.

The findings of the audit are very positive as to the entire City of Lodi liability claims program and of the people involved in the program.

FUNDING: None required.

Allice M. Reimche
Allice M. Reimche
City Clerk

AMR/jmp

APPROVED: _____

THOMAS A. PETERSON
City Manager



I. EXCESS NOTIFICATION

The City of Lodi continues as a member of the California Joint Powers Risk Management Authority since March 5, 1986 with a Self Insured Retention of \$250,000 per claim,

I carefully reviewed the **Loss** Experience Report effective August 31, 1991 and discussed excess potential claims with Mr. Benson and Mr. Blanque in order to identify any and all excess potential claims based on the **CJPRMA** reporting requirements. I found three claims that qualified. Appendix "C" were completed for each of these claims and are being transmitted, under separate cover, to CJPRMA legal counsel, Austin Gibbons.

All claims identified with excess potential had been reported by ICA.

E. SETTLEMENTS

Files involving the settlement, evaluation and negotiation process were reviewed during this audit. It is apparent that Mr. Benson utilizes verified and documented special damages upon which to base his evaluations. Settlement values were in the low to medium range.

F. LITIGATION

City Attorney, Bob McNatt, continues to make defense counsel assignments when it is necessary. Some litigation continues to be handled by Mr. McNatt's staff in-house. A majority of litigation continues to be handled by outside defense counsel in the following firms:

Taylor, Scott and Nichols
Mayall, Hurley, Knutsen, Smith and Green

Reviews indicate that the City Attorney's staff, as well as outside defense counsel are knowledgeable and competent regarding the handling of defense for the City. Communications among Mr. Benson, City Attorney's staff and outside counsel continue to be very good to excellent.

Mr. Benson continues his strong case management of litigated claims.

G. TRANSFER OF RISK

It is apparent that Mr. Benson and defense counsel are aware of the transfer of risk concept. Investigations are directed toward development of third party liability and in litigated claims the discovery is directed toward developing third party liability as well.

It appears the City's before-the-fact transfer of risk program is in good condition,

H. RESERVES

The ICA reserving philosophy and practice appears to be very sound. Mr. Benson attempts to establish and maintain an "ultimate probable cost" reserve for each claim based on current information available. There is no evidence of stereotype or stair-step reserving.

All claims reviewed were matched to the August 31, 1991 computerized Loss Experience Report provided by ICA. All payment and reserve amounts were accurately posted.

III. FINDINGS

A. STAFFING

The City of Lodi liability claim program continues to be administered by Insurance Consulting Associates, Inc. (ICA) in their Petaluma offices.

The program is managed by Executive Vice President, Ran Blanquie and **the** day-to-day claim technical handling and administration is provided by Supervisor, Bill Benson. **As** indicated in previous audits, Mr. Blanquie and Mr. Benson are thoroughly experienced professional liability claim handlers. File reviews during this audit indicate that Mr. Benson's diary is current and the files reflect an aggressive approach toward investigation, file development and disposition effort.

Staffing for the City of Lodi's program is proper.

B. REPORTING

Claims For Damages are being forwarded to ICA **in** a timely manner by the City Clerk, Alice M. Reinche. Usually within 2-3 days of receipt by the City. This provides ample opportunity for Mr. Benson to review the claim, perform any necessary investigation and make a recommendation regarding further handling of the claim.

C. GOVERNMENT CODES

Compliance with the reporting procedures required by the California Government Codes was proper in all files reviewed. The City Attorney, Bob McNatt has good knowledge in this area and the **communications** between Mr. McNatt and Bill Benson are very good.

A review of litigated claims indicates that the City Attorney, as well **as** outside defense counsel are knowledgeable and aggressive in application of the Government code immunities available.

D. INVESTIGATION

Mr. Benson continues to be responsible for all investigation. **Much** of the necessary investigation is performed by way of telephone fact-gathering techniques and correspondence with the appropriate City department involved. Field investigation is performed when necessary by ICA staff investigators. The investigation is performed promptly and competently and the reporting is timely and comprehensive.

11. RECOMMENDATIONS

There are no recommendations being made as a result of the findings of this audit.

I. CONCLUSIONS

The City of Lodi continues to receive very effectively managed and administered liability claim administration from Insurance Consulting Associates, Inc.

There were no negative patterns or trends found as a result of this audit and it is apparent that Mr. Benson continues his very strong case management. Communications are excellent among ICA, the City Attorney's office, as well as outside defense counsel.

The City of Lodi should continue to anticipate above average liability claim administration from ICA with the present staffing.